



TAHIRIH  
JUSTICE  
CENTER.®

## **Financial Statements**

*For the Years Ended December 31, 2017 and 2016*



**and  
Report Thereon**





*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Tahirih Justice Center

We have audited the accompanying financial statements of Tahirih Justice Center (Tahirih), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahirih Justice Center as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
July 17, 2018

**TAHIRIH JUSTICE CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,253,468	\$ 2,374,213
Grants, contracts and contributions receivable, net	2,736,333	2,629,604
Prepaid expenses and other	172,674	127,301
Investments	2,352,887	980,349
Deposits	56,593	45,528
Property and equipment, net	152,395	144,771
<b>TOTAL ASSETS</b>	<b>\$ 7,724,350</b>	<b>\$ 6,301,766</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 248,779	\$ 201,226
Accrued expenses	432,887	292,437
Deferred revenue	46,186	30,413
Deferred rent	81,008	90,466
<b>TOTAL LIABILITIES</b>	<b>808,860</b>	<b>614,542</b>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Undesignated	2,939,813	939,976
Board-designated	825,000	600,000
Total Unrestricted	3,764,813	1,539,976
Temporarily restricted	3,150,677	4,147,248
<b>TOTAL NET ASSETS</b>	<b>6,915,490</b>	<b>5,687,224</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,724,350</b>	<b>\$ 6,301,766</b>

The accompanying notes are an integral part of these financial statements.

**TAHIRIH JUSTICE CENTER**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Donated professional services	\$ 14,696,708	\$ -	\$ 14,696,708	\$ 11,756,413	\$ -	\$ 11,756,413
Grants, contracts and contributions	7,415,165	1,105,416	8,520,581	4,892,403	1,930,011	6,822,414
Investment income	15,713	-	15,713	4,574	-	4,574
Other income	4,476	-	4,476	21,721	-	21,721
Net assets released from restrictions:						
Satisfaction of program restrictions	1,734,903	(1,734,903)	-	750,067	(750,067)	-
Satisfaction of time restrictions	367,084	(367,084)	-	375,000	(375,000)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>24,234,049</b>	<b>(996,571)</b>	<b>23,237,478</b>	<b>17,800,178</b>	<b>804,944</b>	<b>18,605,122</b>
<b>EXPENSES</b>						
Program Services:						
Services	16,823,553	-	16,823,553	13,954,541	-	13,954,541
Advocacy	2,597,264	-	2,597,264	1,154,975	-	1,154,975
<b>Total Program Services</b>	<b>19,420,817</b>	<b>-</b>	<b>19,420,817</b>	<b>15,109,516</b>	<b>-</b>	<b>15,109,516</b>
Supporting Services:						
General and administrative	1,885,122	-	1,885,122	1,579,045	-	1,579,045
Fundraising	703,273	-	703,273	482,552	-	482,552
<b>Total Supporting Services</b>	<b>2,588,395</b>	<b>-</b>	<b>2,588,395</b>	<b>2,061,597</b>	<b>-</b>	<b>2,061,597</b>
<b>TOTAL EXPENSES</b>	<b>22,009,212</b>	<b>-</b>	<b>22,009,212</b>	<b>17,171,113</b>	<b>-</b>	<b>17,171,113</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,224,837</b>	<b>(996,571)</b>	<b>1,228,266</b>	<b>629,065</b>	<b>804,944</b>	<b>1,434,009</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,539,976</b>	<b>4,147,248</b>	<b>5,687,224</b>	<b>910,911</b>	<b>3,342,304</b>	<b>4,253,215</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,764,813</b>	<b>\$ 3,150,677</b>	<b>\$ 6,915,490</b>	<b>\$ 1,539,976</b>	<b>\$ 4,147,248</b>	<b>\$ 5,687,224</b>

The accompanying notes are an integral part of these financial statements.

**TAHIRIH JUSTICE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2017**

	Program Services			Supporting Services			
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Donated professional services	\$ 13,140,700	\$ 1,510,601	\$ 14,651,301	\$ 41,538	\$ 3,869	\$ 45,407	\$ 14,696,708
Salaries	2,371,803	465,040	2,836,843	1,148,069	398,921	1,546,990	4,383,833
Fringe benefits and payroll taxes	433,125	98,373	531,498	209,654	75,604	285,258	816,756
Rent	237,359	57,954	295,313	114,893	42,260	157,153	452,466
Special event expense	-	280,459	280,459	-	55,077	55,077	335,536
Subrecipients and coalition partners	333,272	-	333,272	-	-	-	333,272
Other professional services	27,593	84,855	112,448	41,415	11,368	52,783	165,231
Other	8,378	4,494	12,872	94,678	32,050	126,728	139,600
Equipment rental, maintenance and software	64,528	15,466	79,994	31,235	11,430	42,665	122,659
Training	15,806	4,200	20,006	90,602	-	90,602	110,608
Subscriptions, dues and fees	9,775	12,100	21,875	40,838	34,385	75,223	97,098
Telephone	37,465	9,272	46,737	18,135	6,696	24,831	71,568
Travel	13,883	24,500	38,383	21,733	8,496	30,229	68,612
Client expenses and support	64,173	-	64,173	-	-	-	64,173
Depreciation and amortization	21,724	4,308	26,032	10,516	3,664	14,180	40,212
Printing and publication	3,569	15,017	18,586	2,260	12,105	14,365	32,951
Supplies	16,089	4,059	20,148	7,788	2,891	10,679	30,827
Postage and delivery	13,779	4,483	18,262	6,670	2,682	9,352	27,614
Insurance	10,532	2,083	12,615	5,098	1,775	6,873	19,488
<b>TOTAL EXPENSES</b>	<b><u>\$ 16,823,553</u></b>	<b><u>\$ 2,597,264</u></b>	<b><u>\$ 19,420,817</u></b>	<b><u>\$ 1,885,122</u></b>	<b><u>\$ 703,273</u></b>	<b><u>\$ 2,588,395</u></b>	<b><u>\$ 22,009,212</u></b>

The accompanying notes are an integral part of these financial statements.

**TAHIRIH JUSTICE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016**

	Program Services			Supporting Services			Total
	Services	Advocacy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Donated professional services	\$ 11,355,175	\$ 360,445	\$ 11,715,620	\$ 35,972	\$ 4,821	\$ 40,793	\$ 11,756,413
Salaries	1,546,624	395,121	1,941,745	1,038,091	163,486	1,201,577	3,143,322
Fringe benefits and payroll taxes	267,870	68,182	336,052	174,854	28,617	203,471	539,523
Rent	191,486	48,740	240,226	124,994	20,457	145,451	385,677
Special event expense	-	155,765	155,765	-	31,810	31,810	187,575
Subrecipients and coalition partners	329,387	-	329,387	-	-	-	329,387
Other professional services	7,310	7,171	14,481	86,125	96,524	182,649	197,130
Other	6,258	1,590	7,848	8,924	72,161	81,085	88,933
Equipment rental, maintenance and software	43,348	53,549	96,897	24,391	8,285	32,676	129,573
Training	19,143	798	19,941	3,139	-	3,139	23,080
Subscriptions, dues and fees	6,501	358	6,859	18,792	34,200	52,992	59,851
Telephone	27,061	6,888	33,949	17,664	2,891	20,555	54,504
Travel	29,930	13,839	43,769	5,959	6,172	12,131	55,900
Client expenses and support	61,271	-	61,271	-	-	-	61,271
Depreciation and amortization	15,179	3,864	19,043	9,908	1,622	11,530	30,573
Printing and publication	14,827	30,283	45,110	17,024	3,636	20,660	65,770
Supplies	14,708	3,744	18,452	9,601	1,571	11,172	29,624
Postage and delivery	5,834	4,347	10,181	2,861	6,177	9,038	19,219
Insurance	12,629	291	12,920	746	122	868	13,788
<b>TOTAL EXPENSES</b>	<b><u>\$ 13,954,541</u></b>	<b><u>\$ 1,154,975</u></b>	<b><u>\$ 15,109,516</u></b>	<b><u>\$ 1,579,045</u></b>	<b><u>\$ 482,552</u></b>	<b><u>\$ 2,061,597</u></b>	<b><u>\$ 17,171,113</u></b>

The accompanying notes are an integral part of these financial statements.

**TAHIRIH JUSTICE CENTER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2017 and 2016**  
**Increase (Decrease) in Cash and Cash Equivalents**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,228,266	\$ 1,434,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on pledges receivable	269	(16,251)
Provision for doubtful pledges receivables	(16,588)	69,371
Depreciation and amortization	40,212	30,573
Realized and unrealized losses from investments	-	317
Changes in assets and liabilities:		
Grants, contracts and contributions receivable	(90,410)	107,193
Prepaid expenses and other	(45,373)	11,340
Deposits	(11,065)	(21,605)
Accounts payable	47,553	137,529
Accrued expenses	140,450	58,969
Deferred revenue	15,773	(52,106)
Deferred rent	(9,458)	(24,637)
	<u>1,299,629</u>	<u>1,734,702</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases and reinvested maturities of investments	(3,867,754)	(2,650,354)
Proceeds from sales of investments	2,495,216	1,915,000
Purchases of property and equipment	(47,836)	(40,633)
	<u>(1,420,374)</u>	<u>(775,987)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(120,745)	958,715
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,374,213</u>	<u>1,415,498</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,253,468</u>	<u>\$ 2,374,213</u>

The accompanying notes are an integral part of these financial statements.



## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Tahirih Justice Center (Tahirih) is a nonprofit organization founded in 1997 and incorporated in the Commonwealth of Virginia. Tahirih is inspired by the principles of the Bahá'í Faith. Its mission is to enable women and girls fleeing gender-based violence to access justice through direct legal services and public policy advocacy.

Below are descriptions of Tahirih's major programs:

**Services:** Tahirih provides pro bono legal services in immigration and family law, as well as holistic social services case management to ensure that its clients can truly access justice and become self-sufficient members of our community. To maximize the number of women and girls served, Tahirih collaborates with attorneys at top law firms who donate their time to represent clients through Tahirih's Pro Bono Attorney Network. Since opening its doors in 1997, Tahirih has assisted over 25,000 women and girls fleeing abuse. Even while handling a high volume of complex cases, Tahirih maintains a 99% success record – a measure of Tahirih's dedication to excellence and to its clients, as well as the compelling nature of its clients' cases.

**Advocacy:** Through its unusual approach to advocacy rooted in its direct services experiences, Tahirih seeks to amplify the voices of the women and girls it serves in critical public policy debates at the federal, state and local levels on issues that directly impact them. Tahirih's intimate understanding of the abuse suffered by its clients provides unique insights that enable it to design and execute effective campaigns for systemic change and the long-term protection of women and girls. While most organizations focus on either direct services or public policy advocacy, Tahirih engages in both to provide a critical bridge between direct services and national advocacy. Tahirih is a leader in a range of public policy debates affecting immigrant women and girls, including asylum for women and girls fleeing gender-based persecution, forced marriage, female genital mutilation/cutting and other issues.

##### **Basis of Accounting**

The accompanying financial statements of Tahirih are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Cash and Cash Equivalents**

Tahirih considers substantially all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

##### **Grants, Contracts and Contributions Receivable**

Grants, contracts and contributions receivable are stated at net realizable value. Tahirih uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts based on historical bad debt percentages. Grants, contracts and contributions receivable are individually analyzed for collectibility and written off when all collection efforts are exhausted.

## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Investments**

Investments consist of certificates of deposit and equity securities, and are recorded in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. Interest income is recorded on the accrual basis.

##### **Fair Value Measurement**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, Tahirih has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2017 and 2016, only Tahirih's investments, as described in Note 5 of these financial statements, were measured at fair value on a recurring basis.

##### **Property and Equipment**

Property and equipment greater than \$5,000 are recorded at cost. Depreciation and amortization on software and web design, office equipment, computers, and furniture are provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Costs related to web design are capitalized in accordance with FASB ASC Topic 350-50, *Website Development Costs*, while costs incurred during the planning and post-implementation operation stages are expensed. The cost of property and

## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Property and Equipment (continued)**

equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

##### **Classification of Net Assets**

The net assets of Tahirih are reported as follows:

- Unrestricted net assets represent resources available to support Tahirih's general operations. Unrestricted net assets also include funds that have been designated by the Board of Directors as an operating reserve. As of December 31, 2017 and 2016, the operating reserve was \$825,000 and \$600,000, respectively.
- Temporarily restricted net assets represent resources received by Tahirih from contributors or grantors that are purpose- or time-restricted by the donors.

##### **Revenue Recognition**

Tahirih recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. Tahirih reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Tahirih has elected to reflect donor-restricted contributions whose restrictions are met in the same reporting period in which they are promised as unrestricted support in the accompanying statements of activities. Revenue recognized on these grants for which the cash has not been received from the grantor as of year-end is reflected as grants, contracts and contributions receivable in the accompanying statements of financial position. Unconditional grants and contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promised grants and contributions are to be received.

Tahirih has cost-reimbursable grants and contracts with U.S. government agencies. Revenue from these grants and contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Direct and indirect expenses incurred, but not yet reimbursed or billed, under these grants and contracts are reported as grants, contracts and contributions receivable in the accompanying statements of financial position. Payments received, but not yet expended, for these grants and contracts are reflected as deferred revenue in the accompanying statements of financial position.

Continued

## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Donated Professional Services**

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated legal services are recorded at fair value based on standard billing rates as represented by the respective law firms. Other donated services include information technology managed services and website development costs, and are valued at standard rates as represented by the respective organization. The items contributed are also reflected as either expenses or capital assets at the estimated fair value on the date of donation, if the assets meet Tahirih's capitalization criteria for property and equipment.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate based on employee time spent on each.

##### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 2. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Nonfederal grants and contributions	\$ 2,509,423	\$ 2,452,758
Federal grants	<u>299,087</u>	<u>265,342</u>
Total Grants and Contributions Receivable	2,808,510	2,718,100
Less: Discount on Multiyear Pledges	(19,394)	(19,125)
Less: Allowance for Doubtful Accounts	<u>(52,783)</u>	<u>(69,371)</u>
Grants, Contracts and Contributions Receivable, Net	<u>\$ 2,736,333</u>	<u>\$ 2,629,604</u>

Nonfederal grants receivable as of December 31, 2017 and 2016, are shown at the present value of estimated future cash flows using discount rates ranging from 1.65% to 2.21%, which are based on available data for risk-free interest rates for the year in which outstanding pledges were received.

Continued

**TAHIRIH JUSTICE CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2017 and 2016**

2. Grants, Contracts and Contributions Receivable (continued)

Nonfederal grants and contributions receivable represent amounts due from individual donors and foundations. As of December 31, 2017 and 2016, the amounts were scheduled to be paid as follows:

	2017	2016
Less than one year	\$ 1,926,823	\$ 1,663,475
One to five years	572,600	769,283
Thereafter	10,000	20,000
Total Nonfederal Grants and Contributions Receivable	\$ 2,509,423	\$ 2,452,758

3. Investments

Investments consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Certificates of deposit	\$ 2,352,887	\$ 979,275
Equity securities	-	1,074
Total Investments	\$ 2,352,887	\$ 980,349

Investment income is summarized as follows for the years ended December 31, 2017 and 2016:

	2017	2016
Interest income	\$ 15,713	\$ 4,891
Realized and unrealized losses	-	(317)
Total Investment Income	\$ 15,713	\$ 4,574

4. Property and Equipment and Accumulated Depreciation and Amortization

Tahirih's property and equipment consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Software and web design	\$ 193,477	\$ 145,641
Office equipment	67,121	67,121
Computers	61,021	61,021
Furniture	7,204	7,204
Total Property and Equipment	328,823	280,987
Less: Accumulated Depreciation and Amortization	(176,428)	(136,216)
Property and Equipment, Net	\$ 152,395	\$ 144,771

**TAHIRIH JUSTICE CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2017 and 2016**

4. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense totaled \$40,212 and \$30,573 for the years ended December 31, 2017 and 2016, respectively.

5. Fair Value Measurement

The following tables summarize Tahirih's assets measured at fair value on a recurring basis as of December 31, 2017 and 2016, aggregated by the fair value hierarchy level with which those measurements were made:

2017	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ <u>2,352,887</u>	\$ -	\$ <u>2,352,887</u>	\$ -
Total Investments	\$ <u>2,352,887</u>	\$ -	\$ <u>2,352,887</u>	\$ -
<hr style="width: 20%; margin-left: 0;"/>				
2016				
Certificates of deposit	\$ 979,275	\$ -	\$ 979,275	\$ -
Equity securities	<u>1,074</u>	<u>1,074</u>	<u>-</u>	<u>-</u>
Total Investments	\$ <u>980,349</u>	\$ <u>1,074</u>	\$ <u>979,275</u>	\$ -

Tahirih used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

*Certificates of deposit* – These are valued based on current yields, the securities' terms and conditions, and market activity. Information used includes market sources, credit information, observed market movement and sector news.

*Equity securities* – These are valued at the closing price reported in the active market in which the individual securities are traded.

**TAHIRIH JUSTICE CENTER**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016**

6. Temporarily Restricted Net Assets

The temporarily restricted net assets of Tahirih were available as follows as of December 31, 2017 and 2016:

	2017	2016
Purpose-restricted:		
Strategic planning and management	\$ 1,874,363	\$ 2,277,034
Services:		
San Francisco	394,667	648,774
Houston	326,666	421,064
Greater Washington, D.C.	50,625	126,625
Baltimore	30,000	31,667
Advocacy	218,750	-
Time-restricted	255,606	642,084
Total Temporarily Restricted Net Assets	\$ 3,150,677	\$ 4,147,248

7. Donated Professional Services

Tahirih estimated that it received, during the years ended December 31, 2017 and 2016, approximately 34,600 and 28,300 hours, respectively, of donated professional services from attorneys, legal assistants and other professionals. The value of the contributed services recognized as revenue in the accompanying statements of activities totaled \$14,696,708 and \$11,756,413 for the years ended December 31, 2017 and 2016, respectively.

These donated professional services relate to the following functional areas:

	2017	2016
Programs:		
Services	\$ 13,140,700	\$ 11,355,175
Advocacy	1,510,601	360,445
General and administrative	41,538	35,972
Fundraising	3,869	4,821
Total Donated Professional Services	\$ 14,696,708	\$ 11,756,413

8. Commitments, Risks and Contingencies

**Operating Leases**

Tahirih entered into a noncancelable lease agreement for its main office space in Falls Church, Virginia, that expires on May 1, 2019. Tahirih also had a noncancelable lease agreement for office space in Baltimore, Maryland, that expired on August 31, 2015, and was extended through September 30, 2018. In November 2016, Tahirih entered into a

**TAHIRIH JUSTICE CENTER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2017 and 2016**

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8. Commitments, Risks and Contingencies (continued)

**Operating Leases (continued)**

noncancelable lease agreement for an office in San Francisco, California, that expires on November 30, 2021. Each of these leases contains a fixed escalation clause for increases in the annual minimum rent at a rate of 3% per year. Tahirih also had a noncancelable lease agreement for office space in Houston, Texas, that expired on August 31, 2017. This lease was renewed for another 66 months and expires on February 28, 2023. The lease contains a fixed escalation clause for increases in the annual minimum base rent of \$0.50 per rentable square foot. In October 2017, Tahirih entered into a noncancelable lease agreement for an office in Atlanta, Georgia, that expires on October 31, 2019. Annual rental expense for this lease is \$48,000 and the lease is not subject to an annual escalation.

Under GAAP, all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments under these three operating leases is reflected as deferred rent in the accompanying statements of financial position, and is being amortized ratably over the respective terms of the leases.

As of December 31, 2017, the future minimum rental payments under these leases were as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2018	\$ 479,953
2019	277,176
2020	146,286
2021	145,609
2022	94,199
Thereafter (2023)	<u>15,996</u>
Total	<u>\$ 1,159,219</u>

Rent expense for the years ended December 31, 2017 and 2016, totaled \$452,466 and \$385,677, respectively.

**Hotel Commitments**

Tahirih has entered into agreements with hotels to reserve rooms and facility space for future events scheduled to be held in 2018. In the event of cancellation, Tahirih is required to pay various costs of the hotel rooms as stipulated in the contract, the amounts of which are dependent upon the date of cancellation. As of December 31, 2017, the minimum commitment related to these agreements was approximately \$57,700, plus tax and service charges.



## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

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#### 8. Commitments, Risks and Contingencies (continued)

##### **Concentration of Credit Risk**

Tahirih's cash and cash equivalents are held in accounts at certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation's insured limit of \$250,000 per depositor per institution. As of December 31, 2017 and 2016, Tahirih's cash balances exceeded the limit by approximately \$1,326,000 and \$1,337,000, respectively. Tahirih monitors the creditworthiness of these institutions, and has not experienced any credit losses on its cash and cash equivalents.

##### **Office of Management and Budget Uniform Guidance**

Tahirih has instructed its independent auditors to audit its applicable federal programs for the years ended December 31, 2017 and 2016, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB). Until such audits are reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or state agencies of the independent auditor's reports for the year ended December 31, 2017, will not have a material effect on Tahirih's financial position as of December 31, 2017, or its results of operations for the year then ended.

##### **Provisional Indirect Cost Rates**

Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to audit by the U.S. Department of Justice (DOJ), Tahirih's cognizant agency. The audit results in the negotiation and determination of the final indirect cost rates, which may create a liability for indirect cost recovery for amounts billed in excess of the actual rates, or may allow for additional billings for unbilled indirect costs. DOJ has yet to audit the cost and indirect rate for the years ended December 31, 2017 and 2016. Management believes the cost disallowance, if any, arising from DOJ's audit of the indirect cost rate for the years ended December 31, 2017 and 2016, will not have a material effect on Tahirih's financial position as of December 31, 2017, or its results of operations for the year then ended.

#### 9. Retirement Plan

Tahirih has a defined contribution retirement plan which is operated under Section 401(k) of the Internal Revenue Code (the IRC), covering all eligible employees. Employees can make voluntary tax-deferred contributions into Tahirih's 401(k) retirement plan within specified limits. Tahirih also provides an employer contribution of 5% of eligible employee salaries, vesting over five years. Tahirih made \$36,370 in employer contributions to this plan for the year ended December 31, 2017. Tahirih did not make any employer contributions to this plan for the year ended December 31, 2016.

## TAHIRIH JUSTICE CENTER

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2017 and 2016

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#### 10. Income Taxes

Tahirih qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the years ended December 31, 2017 and 2016, as Tahirih had no net unrelated business income.

Tahirih follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Tahirih evaluated its uncertainty in income taxes for the years ended December 31, 2017 and 2016, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for tax years 2014 through 2016 remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which Tahirih files tax returns. It is Tahirih's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2017 and 2016, Tahirih had no accruals for interest and/or penalties.

#### 11. Reclassification

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

#### 12. Subsequent Events

In preparing these financial statements, Tahirih has evaluated, for potential recognition or disclosure, events and transactions through July 17, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.